

The following amendments have been made through Finance Act, 2018 in various taxes in respect of Financial Year 2018-19 (Assessment Year 2019-20) which are relevant for day-to-day functioning of FCI. For more information refer to updated Income Tax Act & Rules.

Part A- Amendments in Income Tax Act

I: Tax Rates for Assessment Year 2019-20

S. No.	Schedule of Finance Act, 2018	Amendment		
1.	First Schedule	<i>For every Individual (Born on, or after 02.04.1959)</i>		
		NET INCOME RANGE	INCOME TAX RATES	HEALTH AND EDUCATION CESS
		<i>Up to Rs. 2,50,000</i>	<i>NIL</i>	<i>NIL</i>
		<i>Rs. 2,50,000 to Rs. 5,00,000</i>	<i>5% of (Total income minus Rs. 2,50,000)</i>	<i>4% of Income Tax</i>
		<i>Rs. 5,00,000 to Rs. 10,00,000</i>	<i>Rs. 12,500+20% of (Total income minus 5,00,000)</i>	<i>4% of Income Tax</i>
		<i>Rs. 10,00,000 to Rs. 50,00,000</i>	<i>Rs. 1,12,500+30% of (Total income minus 10,00,000)</i>	<i>4% of Income Tax</i>
		<i>Above Rs. 50,00,000 but note more than Rs. 1 crore</i>	<i>Rs. 13,12,500+30% of (Total income minus Rs. 50,00,000)+ Surcharge @10% of Income Tax</i>	<i>4% of Income Tax and Surcharge*</i>
		<i>Above Rs. 1 crore</i>	<i>Rs. 28,12,500+30% of (Total income minus Rs. 1,00,00,000)+ Surcharge @15% of Income Tax</i>	<i>4% of Income Tax and Surcharge*</i>
		<i>*Surcharge: Surcharge on Income Tax for the Assessment Year 2019-20 is applicable at the rate of 10%, if total income exceeds Rs. 50 Lakh but not more than Rs. 1 Crore and 15%, if total income exceeds Rs. 1 Crore.</i>		
2.	First Schedule	<i>For every Individual who is of the age of sixty years or more (born on and after 02.04.1939 but before 02.04.1959) but less than eighty years at any time during the previous year:-</i>		
		NET INCOME RANGE	INCOME TAX RATES	HEALTH AND EDUCATION CESS
		<i>Up to Rs. 3,00,000</i>	<i>NIL</i>	<i>NIL</i>
		<i>Rs. 3,00,000 to Rs.</i>	<i>5% of (Total income minus Rs.</i>	<i>4% of Income Tax</i>

		5,00,000	3,00,000)																	
		Rs. 5,00,000 to Rs. 10,00,000	Rs. 10,000+20%of (Total income minus 5,00,000)	4% of Income Tax																
		Rs. 10,00,000 to Rs. 50,00,000	Rs. 1,10,000+30% of (Total income minus10,00,000)	4% of Income Tax																
		Above Rs. 50,00,000 but not more than Rs. 1 crore	Rs. 13,10,000+30% of (Total income minus Rs. 50,00,000)+ Surcharge @10% of Income Tax	4% of Income Tax and surcharge*																
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3.	First Schedule	<table border="1"> <thead> <tr> <th colspan="4">For Companies</th> </tr> <tr> <th>TYPE OF COMPANY</th> <th>INCOME TAX RATES</th> <th colspan="2">HEALTH AND EDUCATION CESS</th> </tr> </thead> <tbody> <tr> <td>Domestic Company</td> <td>30% (Tax rate would be 25% if turnover or gross receipt of the company does not exceed Rs. 250 crore in the previous year 2016-17)</td> <td colspan="2">4% of Income Tax and surcharge*</td> </tr> <tr> <td>Foreign Company</td> <td>40%</td> <td colspan="2">4% of Income Tax and surcharge#</td> </tr> </tbody> </table> <p>*Surcharge: The amount of income-tax shall be increased by a surcharge at the rate of 7% of such tax, where total income exceeds one crore rupees but not exceeding ten crore rupees and at the rate of 12% of such tax, where total income exceeds ten crore rupees.</p> <p>#Surcharge: The amount of income-tax shall be increased by a surcharge at the rate of 2% of such tax, where total income exceeds one crore rupees but not exceeding ten crore rupees and at the rate of 5% of such tax, where total income exceeds ten crore rupees.</p>			For Companies				TYPE OF COMPANY	INCOME TAX RATES	HEALTH AND EDUCATION CESS		Domestic Company	30% (Tax rate would be 25% if turnover or gross receipt of the company does not exceed Rs. 250 crore in the previous year 2016-17)	4% of Income Tax and surcharge*		Foreign Company	40%	4% of Income Tax and surcharge#	
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II: Provisions relating to Income from Salary:

S. No.	Section	Amendment
4.	16	The section is relating to certain deductions from income chargeable under the head "Salaries".

		<p><i>Clause (ia) has been inserted in Section 16,with effect from the 1st day of April, 2019, namely:—</i></p> <p><i>“(ia) a deduction of forty thousand rupees or the amount of the salary, whichever is less;”.</i></p> <p>The above amendment provide for deduction of forty thousand rupees or the amount of the salary, whichever is less, for the purpose of computing the income chargeable under the said head.</p>
5.	17(2)	<p>The section is relating to “perquisite” defined.</p> <p><i>In this section, in the proviso occurring after sub-clause (viii), clause (v) shall be omitted with effect from the 1st day of April, 2019.</i></p> <p>Clause (v) states <i>“any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family [other than the treatment referred to in clauses (i) and (ii)]; so, however, that such sum does not exceed fifteen thousand rupees in the previous year;”</i></p> <p>Due to above amendment exemption of Rs. 15,000/- towards any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family stands withdrawn.</p>

III: Provisions relating to Income from Business and Profession

S. No.	Section	Amendment
6.	28(ii)	<p>The section is relating to certain types of compensation receipts which are taxable under the head “Profits and gains of business or profession”.</p> <p><i>After sub-clause (d), the following sub-clause shall be inserted namely:—</i></p> <p><i>“(e) any person, by whatever name called, at or in connection with the termination or the modification of the terms and conditions, of any contract relating to his business;”;</i></p> <p>This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent years.</p>
7.	43AA	<p><i>New Section has been inserted relating to taxation of foreign exchange fluctuation which as under:-</i></p>

		<p><i>“(1) Subject to the provisions of section 43A, any gain or loss arising on account of any change in foreign exchange rates shall be treated as income or loss, as the case may be, and such gain or loss shall be computed in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145.</i></p> <p><i>(2) For the purposes of sub-section (1), gain or loss arising on account of the effects of change in foreign exchange rates shall be in respect of all foreign currency transactions, including those relating to—</i></p> <p><i>(i) monetary items and non-monetary items;</i></p> <p><i>(ii) translation of financial statements of foreign operations;</i></p> <p><i>(iii) forward exchange contracts;</i></p> <p><i>(iv) Foreign currency translation reserves.”</i></p> <p>This amendment will take effect from 1st April, 2017.</p>
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IV: Provisions relating to Deductions under Chapter-VIA

8.	80D	<p>This section is relating to deduction in respect of health insurance premia and medical expenditure in the case of senior and super senior citizens.</p> <p><i>In sub-section (2),—</i></p> <p><i>(i) for the words “thirty thousand rupees” wherever they occur, the words “fifty thousand rupees” shall be substituted;</i></p> <p><i>(ii) in the first proviso occurring after clause (d), the word “very” shall be omitted;</i></p> <p><i>In sub-section (4),—</i></p> <p><i>(i) the words “or a very senior citizen” shall be omitted;</i></p> <p><i>(ii) for the words “thirty thousand rupees”, the words “fifty thousand rupees” shall be substituted;</i></p> <p><i>After sub-section (4), the following sub-section shall be inserted, namely:—</i></p> <p><i>‘(4A) Where the amount specified in clause (a) or clause (b) of sub-section (2) or clause (a) of sub-section (3) is paid in lump sum in the previous year to effect or to keep in force an insurance on the health of any person specified therein for more than a year, then, subject to the provisions of this section, there shall be allowed for each of the relevant previous year, a deduction equal to the appropriate fraction of the amount.</i></p> <p><i>Explanation.—For the purposes of this sub-section, —</i></p> <p><i>(i) “appropriate fraction” means the fraction, the numerator of which is one and the denominator of which is the total number of relevant previous years;</i></p>
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		<p>(ii) “relevant previous year” means the previous year beginning with the previous year in which such amount is paid and the subsequent previous year or years during which the insurance shall have effect or be in force.’;</p> <p><i>In the Explanation occurring after sub-section (5), clause (ii) shall be omitted.</i></p> <p>These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent years. These amendments have been made in Section 80D to do away with distinction between senior and very senior citizen and to enhance monetary limit of maximum deduction from Rs. 30000 to Rs. 50000. Further, sub-section (4A) is inserted to provide for proportionate deduction in case where insurance premium is paid in lump sum for more than one year.</p>
9.	80DDB	<p>This section is relating to deduction in respect of medical treatment etc.</p> <p><i>(a) in the third proviso, for the words “sixty thousand rupees”, the words “one hundred thousand rupees” shall be substituted;</i></p> <p><i>(b) the fourth proviso shall be omitted;</i></p> <p><i>(c) in the Explanation, clause (v) shall be omitted.</i></p> <p>Due to above amendment, the existing limit of deduction available to an individual and HUF with regard to amount paid for medical treatment of specified diseases in respect of senior citizen shall be Rupees one lakh.</p> <p>These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent years.</p>
10.	80TTA	<p>This section is relating to deduction in respect of interest on deposits in savings account.</p> <p><i>In sub-section (1), in the opening portion, after the word “assessee”, the brackets, words, figures and letters “(other than the assessee referred to in section 80TTB)” shall be inserted with effect from the 1st day of April, 2019.</i></p> <p>Due to above amendment the assessee referred to in section 80TTB shall not be eligible for the benefit of deduction under this section.</p>
11.	80TTB	<p><i>After section 80TTA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2019, namely:—</i></p>

		<p><i>'80TTB. (1) Where the gross total income of an assessee, being a senior citizen, includes any income by way of interest on deposits with—</i></p> <p><i>(a) a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act);</i></p> <p><i>(b) a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or</i></p> <p><i>(c) a Post Office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898,</i></p> <p><i>there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction—</i></p> <p><i>(i) in a case where the amount of such income does not exceed in the aggregate fifty thousand rupees, the whole of such amount; and</i></p> <p><i>(ii) in any other case, fifty thousand rupees.</i></p> <p><i>(2) Where the income referred to in sub-section (1) is derived from any deposit held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body.</i></p> <p><i>Explanation.—For the purposes of this section, “senior citizen” means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year.'</i></p>
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Part B – Amendments in Income Tax Rule

S. No.	Rule	Amendment
1.	2(BB)	<p>This rule prescribes the allowances for the purposes of clause (14) of section 10 of Income Tax Act (Incomes not included in total income).</p> <p>Government of India, Ministry of Finance, Department of Revenue CBDT vide notification no. 17/2018 dated 06.04.2018 have amended the Income Tax Rules, 1962.</p> <p>These rules may be called the Income Tax (Third Amendment) Rules, 2018 and they shall come into force on the 1st day of April, 2019 and shall apply to the assessment year 2019-2020 and subsequent assessment years.</p> <p><i>In the Income-tax Rules, 1962, in rule 2BB, in sub-rule (2), in the Table, against serial number 10, the entries under columns (2) to (4)</i></p>

shall be omitted;

Serial number 10 states:

<i>Sl. No.</i>	<i>Name of allowance</i>	<i>Place at which allowance is exempt</i>	<i>Extent to which allowance is exempt</i>
10.	<i>Transport allowance granted to an employee[other than an employee referred to in serial number 11] to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty</i>	<i>Whole of India</i>	<i>Rs. 1,600 per month</i>

As per above amendment, provision related to exemption of transport allowance of Rs. 1,600/- per month granted to an employee other than an employee, who is blind or deaf and dumb or orthopedically handicapped with disability of lower extremities, to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty has been omitted. However transport allowance exemption at enhanced rate of Rs. 3,200/- per month shall continue to be allowed to differently abled persons.

NOTE: - Text in Italic is extract from Finance Act 2018 and regular text is comment/ remarks thereon.